

## SENATE BILL NO. 15

INTRODUCED BY J. MANGAN

A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING TAX CREDITS RECEIVED UNDER THE INFRASTRUCTURE INVESTMENT PROGRAM TO BE SOLD AT A DISCOUNT; PROVIDING THAT THE INFRASTRUCTURE DEVELOPED BY THE LOAN PROGRAM MAY BE OWNED BY A CERTIFIED REGIONAL DEVELOPMENT CORPORATION OR AN ECONOMIC DEVELOPMENT CORPORATION OF A TREASURE COMMUNITY; AMENDING SECTION 17-6-316, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 17-6-316, MCA, is amended to read:

**"17-6-316. Economic development loan -- infrastructure tax credit.** (1) A loan made pursuant to 17-6-309(2) must be used to build infrastructure, as provided for in 7-15-4288(4), such as water systems, sewer systems, water treatment facilities, sewage treatment facilities, and roads, that allows the location or creation of a business in Montana. The loan must be made to a local government that will create the necessary infrastructure. The infrastructure may serve as collateral for the loan. The local government receiving the loan may charge fees to the users of the infrastructure. A loan repayment agreement must provide for repayment of the loan from the entity authorized to charge fees for the use of the services of the infrastructure. Loans made pursuant to 17-6-309(2) qualify for the job credit interest rate reductions under 17-6-318 if the interest rate reduction passes through to the business creating the jobs.

(2) A loan pursuant to 17-6-309(2) and this section may not be made until the board is satisfied that the condition in 17-6-309(2) will be met. If the condition contained in 17-6-309(2) is not met, any credits received pursuant to subsection (3) of this section must be returned to the state.

(3) A business that is created or expanded as the result of a loan made pursuant to 17-6-309(2) and subsection (1) of this section is entitled to a credit against taxes due under Title 15, chapter 30 or 31, for the portion of the fees attributable to the use of the infrastructure. The total amount of tax credit claimed may not exceed the amount of the loan. The credit may be carried forward for 7 tax years or carried back for 3 tax years.

(4) (a) A business entitled to a tax credit under subsection (3) may sell the tax credit to another taxpayer

1 at a discounted amount of the value of the tax credit.

2 (b) A business may sell only the portion of the tax credit that the business has not applied against the  
3 taxes imposed on the business under Title 15, chapter 30 or 31.

4 (c) For each tax period in which a tax credit is sold pursuant to subsection (4)(a), both the seller and  
5 the purchaser shall file with the department of revenue a written statement with their tax returns specifying the  
6 amount of the tax credit that has been sold. The purchaser of the tax credit may not claim the credit unless the  
7 seller's written statement verifies the amount of the credit claimed by the purchaser.

8 (5) A certified regional development corporation or an economic development corporation of a treasure  
9 community, as defined in 90-1-116, may, with the approval of the board, apply to the local government that  
10 received a loan for the development of infrastructure to become the owner of the infrastructure according to the  
11 applicable rules governing the disposition of property within the local government."

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13 **NEW SECTION. Section 2. Effective date.** [This act] is effective on passage and approval.

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15 **NEW SECTION. Section 3. Retroactive applicability.** [This act] applies retroactively, within the  
16 meaning of 1-2-109, to tax years beginning after December 31, 2004.

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